



King County

Dow Constantine

King County Executive

401 Fifth Avenue, Suite 800

Seattle, WA 98104-1818

206-263-9600 Fax 206-296-0194

TTY Relay: 711

www.kingcounty.gov

July 7, 2020

The Honorable Claudia Balducci
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Balducci:

This letter transmits a proposed ordinance asking the Council to accept or reject a negotiated collective bargaining agreement (CBA) and three Memoranda of Agreement (MOA) with the Amalgamated Transit Union (ATU), Local 587, covering the Metro Transit bargaining unit for the contractual period of November 1, 2019, through October 31, 2022. Council action in accepting or rejecting a negotiated CBA represents the final decision-making point in King County's collective bargaining process with ATU.

Employees covered by this CBA perform work in support of the Metro Transit Department's bus, streetcar and light rail operations. The majority of the employees covered by this CBA continued to work on-site during the COVID 19 emergency. These employees' selfless dedication to their work during the COVID 19 emergency enabled King County to continue to provide vital transportation services to the region. I know you and your colleagues join with me in expressing our heartfelt appreciation for their hard work every day, but we especially want to acknowledge their work in the last few months.

I typically include a statement in a CBA transmittal letter indicating the negotiated CBA will advance the King County Strategic Plan's goal of efficient, accountable regional and local government. Had I been transmitting this CBA to Council in February 2020 when the parties reached a tentative agreement, I would have had no hesitation making that statement. Based on the unprecedented change in the County's financial situation in recent months due to the pandemic, and the resulting budget emergency now confronting the County, I no longer believe the financial terms of this CBA meet our shared goal of fiscally accountable regional and local government.

After King County and ATU reached a tentative agreement following good faith negotiations, the COVID-19 pandemic hit the region and the County's budget picture

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changed in a way that no one could have foreseen. Sales tax revenue dropped precipitously and a fare waiver was implemented to protect operators. In addition, the County anticipates facing a significant reduction in the service purchased via the Seattle Transportation Benefit District. While the County intends to use reserves as well as federal reimbursement from the CARES act to help manage the near-term budget deficit, an unprecedented budget gap remains. Metro currently anticipates an estimated revenue loss for 2020-2028 of approximately \$2.2 billion, including a sales tax loss of \$465 million for 2020-2022 per the King County June 4, 2020 forecast. The new financial reality will contribute to Metro's looming budget deficit, and additions to spending will further exacerbate the problem.

County Labor Policy, as adopted by the Council, states that changes in wages in a negotiated CBA be fiscally responsible, fair, and reasonable with respect to total compensation. Further, County Labor Policy requires consideration of regional economic conditions, as well as impacts to services based on revenue and cost forecast for the County, when reviewing negotiated CBAs. These same considerations guide the County's approach to negotiations so that tentative agreements reached at the bargaining table customarily come to the Council without misgivings. As noted in the accompanying Financial Note, the tentative agreement includes approximately \$78.5 million in total new costs over its three-year term, and would add approximately \$39.4 million in ongoing annual costs to Metro's budget by 2023. Those costs were consistent with Council Labor Policy when negotiated. But given the startling changes to the County's revenue stream that have occurred in the months since this tentative agreement was reached, and the deterioration in economic conditions within the County that accelerated while the union was conducting its own ratification, I do not believe that the addition of these costs to Metro's budget is fiscally responsible.

On June 18, 2020, I asked ATU leadership to reopen the economic terms of the tentative agreement in light of the dramatic change of circumstance since that agreement was reached. They declined my request and asked me to present this CBA and accompanying ordinance to Council for its review. I do so now in deference to their request.

If your staff have questions, please contact Megan Pedersen, Director, Office of Labor Relations, at 206-263-2898.

Sincerely,

A handwritten signature in black ink, appearing to read "Dow Constantine".

Dow Constantine
King County Executive

Enclosure

cc: King County Councilmembers
ATTN: Carolyn Busch, Chief of Staff

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Melani Pedroza, Clerk of the Council

Shannon Braddock, Deputy Chief of Staff, Office of the Executive

Karan Gill, Director, Council Relations, Office of the Executive

Dwight Dively, Director, Office of Performance, Strategy and Budget

Megan Pedersen, Director, Office of Labor Relations